

CITY OF BELLEVUE
CITY COUNCIL

Summary Minutes of Extended Study Session

October 25, 2004
6:00 p.m.

Council Conference Room
Bellevue, Washington

PRESENT: Mayor Marshall, Deputy Mayor Noble, and Councilmembers Balducci, Chelminiak, Davidson, Degginger, and Lee

ABSENT: None.

1. Executive Session

Deputy Mayor Noble opened the meeting at 6:00 p.m. and announced recess to Executive Session for approximately one hour to discuss one item of property acquisition, one item of property disposition, one item of pending litigation/property acquisition, and one item of potential litigation. Councilmember Chelminiak participated via speakerphone. Councilmember Balducci left the room during discussion of the one item of potential litigation.

The meeting resumed at approximately 7:10 p.m. with Mayor Marshall presiding.

2. Oral Communications

- (a) John Manning, Seattle Crisis Clinic Board of Trustees, thanked Council for its ongoing support of the clinic. He reported that last year more than 6,000 Bellevue residents called the 24-hour crisis line or the community information line to request assistance. Council's funding last year of \$32,000 covered the cost of providing services to 3,400 residents. The Crisis Clinic directs residents to health and human services in Bellevue and other communities and provides updated information on its web site. Mr. Manning requested Council's support to bring 211 telephone service, which connects residents with referrals to a broad range of community services, to the region.
- (b) Mike Creighton, SEAFAIR Board of Directors, introduced Board Chair Don Roberts and SEAFAIR President/CEO Beth Wojick. Mr. Creighton requested Council support to host a SEAFAIR marathon in Bellevue in 2005 [Agenda Item 3(c)]. Marathons have been shown to generate economic impact and foster community pride. Ms. Wojick explained that the proposed Bellevue regional marathon will be marketed in Vancouver, B.C.; Portland, Oregon; and Phoenix, Arizona. It is estimated approximately 53 percent of participants will come from outside of the local area. She requested Council's support and noted SEAFAIR's experience and success in producing large community events. Mr.

Roberts asked Council to consider hosting the marathon as an economic development opportunity.

- (c) Leslie Lloyd, Bellevue Downtown Association, submitted written comments regarding proposed 2004 Comprehensive Plan amendments and expressed appreciation for the work of the Downtown Implementation Plan Citizen Advisory Committee. She asked Council to consider deleting policy S-DT-94 recommended by the CAC, as well as the alternative policy language presented to Council to: “Encourage new development to provide open space amenities that are accessible to the public...” Ms. Lloyd cautioned that such encouragement could lead to expectations and that the policy could discourage private development.

3. Study Session

(a) Council New Initiatives

[No new initiatives were introduced.]

(b) City Manager’s Report

City Manager Steve Sarkozy noted the need to add Council action on Resolution No. 7093 to tonight’s agenda as a result of one item discussed during the Executive Session. Lori Riordan, Interim City Attorney, explained that Resolution No. 7093 amends the settlement agreement regarding Newport Yacht Club and Weinstein v. City of Bellevue and King County to modify the date of transfer of the Coal Creek Park and Surrey Downs properties. Instead of the original date of November 15, the transfer date for both properties will be based on approval of the environmental cleanup conducted by King County at the Surrey Downs site. Mr. Sarkozy said the resolution is included in Council’s desk packet.

- ➡ Deputy Mayor Noble moved to approve Resolution No. 7093, and Mr. Lee seconded the motion.
- ➡ The motion to approve Resolution No. 7093 carried by a vote of 6-0.

Mr. Sarkozy introduced the City’s new Fire Chief, Mario Trevino. Mr. Trevino worked for the City of Seattle for 24 years, leaving with the rank of Deputy Fire Chief. He then served as Fire Chief of Las Vegas for four years and San Francisco for three years. Chief Trevino said he is pleased to return to the area and to be able to serve with the Bellevue Fire Department.

(c) SEAFair 2005 Marathon Proposal

Parks and Community Services Director Patrick Foran noted the success of Bellevue’s half-marathon during SEAFair for the past two years and asked Council to consider supporting a marathon in 2005. City expenses related to SEAFair in 2004 were \$24,500. Bellevue paid \$15,800 and SEAFair paid \$8,700. If the City agrees to host a marathon in 2005, total

expenses are estimated at \$93,000. SEAFair will pay \$45,000, and the City's net expense is estimated at \$48,000.

Mr. Foran described marathons as economic development events that attract visitors and generate positive economic impact for hotels, restaurants, and retail businesses. The marathon is intended to be a recurring annual event. SEAFair will provide multiple marketing placements recognizing Bellevue as the marathon venue. Mr. Foran acknowledged the expense and demand on staff associated with hosting a marathon. The event is scheduled for Sunday, July 10, from 7:00 a.m. to 3:00 p.m. and will require full and partial road closures at multiple locations throughout the city. It includes amplified sound for announcements and live bands at multiple locations, which will require a noise ordinance exemption permit.

Mr. Foran explained that if Council is interested in hosting the marathon, staff recommends entering into a three-year memorandum of understanding (MOU) in which SEAFair agrees to not relocate the marathon within the three-year timeframe.

Responding to Dr. Davidson, Mr. Foran said much of the marathon's expense is associated with closing roads and providing traffic control. In further response, Police Chief Jim Montgomery said there will be a half-marathon and 5k walk/run on the same day. Chief Montgomery said traffic delays could be as long as 20-30 minutes at any given point as a worst-case scenario. However, police officers will be working to facilitate traffic flow.

Mr. Degginger noted the event is consistent with Council's goal of highlighting Bellevue as a memorable city and a good place to work and play. Summer marathons are uncommon in most of the country but our climate makes it ideal for a summer event. Ms. Wojick confirmed that the only other summer marathon is in San Francisco.

Responding to Mr. Lee, Ms. Wojick said this is the only SEAFair marathon. Seattle hosts a marathon each year in November.

Responding to Ms. Balducci, Mr. Foran confirmed that financial support for the marathon will come from SEAFair, the City, and additional sponsors.

Mayor Marshall noted the budget item for economic development and questioned whether an economic development plan exists to guide expenditures. Mr. Sarkozy said the money was allocated with the intention to more aggressively pursue economic development activities including marketing and business recruitment in 2005. Mayor Marshall would prefer to consider the marathon proposal in the context of competing proposals including the new Cultural Compass plan. Mr. Sarkozy noted SEAFair is requesting Council direction within the next one to two weeks.

Deputy Mayor Noble expressed support for the proposal. Mr. Degginger noted SEAFair's experience and success in producing large community events.

- (d) Human Services Commission's Recommendations for Community Development Block Grant (CDBG) Funds

Mr. Foran opened the annual presentation of the Human Services Commission's recommendations for Community Development Block Grant (CDBG) funding.

Emily Leslie, Human Services Manager, introduced Camron Parker, Grant Coordinator, and noted the City's application for 2005 CDBG funds is due on November 15. Council will be asked to take action on remaining human services funding proposals on December 6. Ms. Leslie referred Council to Attachment A (Page 3-9) of the Council packet for the full list of CDBG recommendations divided into Capital Facility Projects, Public Services Programs, and Planning and Administration. Loan repayment revenue in the Home Repair Program is estimated at \$120,000, which will be used for loans in 2005. Total 2005 CDBG funding is \$1,050,000. Requests for 2005 funding totaled nearly \$2.5 million. Ms. Leslie said the Human Services Commission has been working since June to develop its recommendations.

Berta Seltzer, Human Services Commission Chair, presented recommendations for 2005-2006 General Fund human services allocations. The 2003-2004 Human Services Needs Update identified a number of gaps in both service areas and specific population groups. Ms. Seltzer said the Commission is committed to providing stable, ongoing support to service providers. With a few exceptions, all currently funded programs meeting their contract goals and providing critical services are recommended for continued funding at the lower of their full request or a small cost-of-living adjustment.

The Commission recommends larger funding increases for four current programs: 1) health and human services for young families with newborn children, 2) a volunteer program providing baby supplies to local providers, 3) affordable civil legal assistance, and 4) intervention for child victims of sexual abuse. The Commission recommends funding for two new programs: 1) a day treatment and vocational program for mentally ill adults, and 2) support for a domestic violence advocate for Hispanic/Latino victims and their families. Ms. Seltzer said these six programs were identified because they meet service gaps identified in the 2003-2004 Human Services Needs Update and/or they anticipate a high demand in the coming years. The proposed funding increases can be accommodated by existing available funds.

Turning to CDBG recommendations, Ms. Seltzer explained that two years ago the Commission noticed decreased interest in CDBG funds earmarked for capital projects. As a result, the Commission recommends using capital funds for human services programs where allowed under federal regulations. The Commission's 2005 funding recommendation for Hopelink's employment program falls below the 2004 funding level. However, if the City's actual CDBG entitlement award exceeds the estimated amount, the Commission recommends that up to \$10,000 in additional funding be provided to Hopelink's employment program.

Deputy Mayor Noble commended the Commission for its objective to provide consistent funding for service providers. Responding to Mr. Noble, Mr. Parker explained that the award of CDBG funds is based on a federal formula.

Responding to Mr. Lee, Ms. Seltzer said all agencies requesting funding are asked to provide demographic information for the populations they serve. Ms. Leslie said 17 agencies reported

serving high percentages of the Asian population. In further response, Ms. Leslie said the request from the Chinese Information and Service Center was evaluated carefully but funding is not recommended at this time due to limited available funds. There were 15 new funding requests this year, and the City provides facilities for the agency's programs at both senior centers in the community. Councilmember Lee requested more detailed information regarding funding allocations to services and programs targeted for specific ethnic groups.

Mayor Marshall commended the Commission's use of objective criteria to ensure a fair and consistent review process in developing funding recommendations. She agrees with the Commission regarding the importance of providing stable funding for core service providers.

(e) Preliminary 2005-2006 Operating Budget and 2005-2011 Capital Investment Program (CIP) Plan

Mr. Sarkozy opened discussion regarding the preliminary 2005-2006 Operating Budget and the 2005-2011 Capital Investment Program (CIP) Plan. The budget reflects Council direction throughout the past year and does not include any property tax or B&O (business and occupation) tax increases. Final approval of the budget is scheduled for December 6.

Finance Director Jan Hawn reviewed the schedule of future budget discussions:

- November 1 – Parks ballot measure
- November 8 – Eastgate subarea, Urban Design/High-capacity transit, Critical Areas Notebook, Neighborhood Investment Strategy Phase 2
- November 8 – False alarm and fire inspection fees
- November 15 – Utilities
- November 22 – Budget Follow-up
- December 6 – Budget Adoption.

The 2005-2006 budget maintains high-quality services, takes advantage of technology and operational efficiencies, and includes very few new items. Budget growth has been limited by eliminating \$2.8 million in expenditures and not allowing inflationary increases of \$2.6 million. The budget is balanced despite increased health care costs, state pension contributions, and workers compensation costs. Ms. Hawn said this is the first time in 10 years the City is budgeting a net reduction of full-time equivalent (FTE) employees.

Ms. Hawn reviewed the following budget highlights:

- Maintains high-quality services.
- Takes advantage of technology and operational efficiencies.
- Includes no new property or B&O tax rate increases.
- Includes a 4.8 percent cable television utility tax to offset losses in telephone utility tax revenue.
- Neighborhood Investment Strategy (\$250,000 per year).
- Critical Areas Notebook (\$130,000).
- Enhanced economic development emphasis (\$400,000).

- Urban Design/High-Capacity Transit (\$982,000).
- NE 10th Street extension project (\$1 million net).
- Eastgate Subarea Plan (\$125,000).
- South Bellevue Community Center (\$800,000 per year).
- Parks ballot measure (\$100,000).
- Fire Inspection Services (\$300,000).

Jonathan Swift, Budget Manager, provided the financial forecast covering the General Fund, Utilities, Parks Enterprise Fund, and Development Services. The forecast takes the current mix and level of revenues and expenditures and projects them into the future, providing the framework in which Council can provide budget direction. Continued slow economic recovery is anticipated, and job growth is expected to improve substantially. Retail sales, office vacancy rates, and new development are all improving, and there has been measurable growth in sales tax revenue during the past nine months. The General Fund forecast indicates balanced revenues and expenditures until 2008, when B&O apportionment is expected to cause a decrease in revenue. Additional General Fund watch areas include health benefits costs, the ongoing impact of new development, declining telephone utility tax collections, voter initiatives, legislative initiatives, and municipal court costs.

Mr. Swift said the Utilities budget presentation is scheduled for November 15 and will cover Cascade Water Alliance, Metro sewer rate increases, pavement restoration, stormwater permitting, renewal and replacement funding, and new capital projects. In the Parks Enterprise Fund, revenues are expected to keep pace with expenditures. The Parks Enterprise CIP Plan includes \$700,000 for payments to retain the Miller property. The Development Services forecast indicates increased development activity in the early years of the forecast but no major projects after 2006. The demand for limited-term employees (LTEs) is expected to expire in 2007.

Ms. Hawn reviewed the following major drivers in the General Fund operating budget: health care costs, state pension fund contributions, workers compensation costs, ongoing maintenance and operating costs for new and existing capital projects, and new programs/allocations. Major items in the Utilities budget include increased Metro costs and personnel-related costs (health care, state pension, workers compensation). Parks Enterprise major drivers include the Miller property and personnel-related costs. Development Services' major items include increased development activity requiring LTEs over the next two to three years and personnel-related costs. In terms of the capital budget, a major driver within the general CIP Plan is the new City Hall. Utilities CIP Plan major drivers are regular replacement and repairs and additional CIP investments.

Ms. Hawn thanked budget and department staff for their hard work on the preliminary budget.

Responding to Dr. Davidson, Ms. Hawn said the budget increase for the City Attorney's Office is due to the transfer of the Risk Management function, which is currently part of the Finance Department.

Mr. Degginger requested more information regarding telephone utility tax collections. He questioned the plan for \$400,000 allocated to economic development.

Responding to Mr. Noble, Ms. Hawn distributed a handout summarizing budget increases in the General Fund. Responding to Dr. Davidson, Mr. Swift said sales tax projections for the Lincoln Square and Overlake Hospital Medical Center projects are not reflected in the budget. Staff responded to additional questions of clarification.

Responding to Ms. Balducci, Mr. Sarkozy said staff is available to meet with Councilmembers individually to review the budget in more detail and answer questions.

At 9:02 p.m., Mayor Marshall thanked staff for their work and declared a break. The meeting resumed at 9:10 p.m.

(f) Regional Issues

Diane Carlson, Director of Intergovernmental Relations, introduced Bill McSherry, Economic Strategy Advisor for Puget Sound Regional Council involved in implementing the Regional Economic Strategy (RES).

Mr. McSherry provided a brief presentation on the Regional Economic Strategy, which focuses on the regional metropolitan economy. Current partners in the initiative include Bellevue Chamber of Commerce, Greater Seattle Chamber of Commerce, University of Washington, Port of Seattle, Economic Development Council of Seattle and King County, Snohomish and Kitsap Counties, and many cities. The program received a \$200,000 grant in August from the Economic Development Administration (U.S. Department of Commerce), and an additional \$100,000 will be awarded next year.

The Regional Economic Summit is scheduled for November 19 at Qwest Field event center. Approximately 500 to 600 attendees are expected. The cluster working groups will work from November until March to identify specific steps the region can take to improve its competitiveness in the country and world. A final strategy will be adopted in March 2005. Global Insight, consultants for the project, identified 15 industry clusters for the Puget Sound region:

- Business services
- Military
- Head Offices
- Life Sciences
- Long-term care
- Information Technology
- Aerospace
- Boat building
- Wood products
- Specialty food
- Tourism

- Logistics and International Trade
- Electronic shopping
- Environment and alternative energy
- Sound recording.

Mr. McSherry said the four clusters to be addressed first were selected based on their representation in all four counties, high employment concentration, greater than average industry dynamism (growth rate), size (number of jobs), breadth and depth, and cluster linkages. The four clusters selected for the first year of the strategy are Information Technology, Aerospace, Logistics and International Trade, and Life Sciences. The project team will continue working to recruit additional partners and develop an implementation plan.

Mayor Marshall thanked Mr. McSherry for the presentation.

Ms. Carlson referred Council to page 3 of the Regional Issues packet for the City's Draft Regional Economic Strategy Interest Statement. Ellen Miller-Wolfe, Economic Development Manager, requested Council's feedback on the interest statement, which provides guiding principles for the City's involvement in the Regional Economic Strategy. She noted Bellevue's business community is well represented in the clusters identified for this region. Kevin O'Neill, Strategic Planning Manager, said staff is currently working on a detailed economic profile of Bellevue to be completed by the end of the year.

Continuing with the guiding principles, Ms. Miller-Wolfe said the interest statement recognizes it is important for Bellevue stakeholders to be represented at the summit on November 19. The policies of a Regional Economic Strategy should be consistent with those of Vision 2020, Destination 2030, and other adopted regional growth and investment plans. The City's involvement should support and enhance Bellevue's place in the regional economy by helping to identify regional strategies and implementation measures for existing and emerging local business clusters. Bellevue will work with economic development partners to ensure residents and stakeholders are aware of the project and that public involvement opportunities are provided for them. The last guiding principle is to be opportunistic regarding early project deliverables that might be helpful to specific Bellevue business clusters.

Mr. Chelminiak expressed support for the draft interest statement. He feels it will be important for communities to focus on specific clusters rather than trying to attract and retain all types of industries.

Mayor Marshall asked Councilmembers to think about whether they would also like to develop a local economic development interest statement and strategy.

Mr. Sarkozy feels this is an exciting initiative for the region. Future transportation systems and changing land use policies could provide opportunities for new cluster development in Bellevue, particularly along the Bel-Red corridor.

Mr. Lee supports the idea to draft a local economic strategy in conjunction with the regional strategy interest statement.

Moving on, Utilities Director Brad Miyake provided an update on the Cascade Water Alliance. He recalled that Cascade signed an agreement with the City of Seattle in January 2004 to purchase water through 2023. The Alliance will begin purchasing water from the City of Tacoma in 2008. A new water supply at Lake Tapps is estimated to be available beginning in 2022 to 2025. Some Cascade members also utilize well water.

Alison Bennett, Policy Program Manager, explained that Cascade signed an Agreement in Principle in April 2003 to purchase water from Tacoma beginning in 2008 and extending through 2035. Water purchased through this agreement would begin declining in 2025, but there is the potential for a smaller permanent supply from this source. Pricing will be finalized by the end of the year.

Ms. Bennett described the need to connect Tacoma's water system to either the Seattle system or directly to Cascade members. HDR Engineering has been hired to conduct routing, preliminary design, and environmental analyses.

Cascade's policies indicate a regional responsibility to develop transmission facilities to serve members. Cascade would like to acquire the Bellevue/Issaquah pipeline as a regional facility. Cascade and the City of Issaquah signed a memorandum of understanding in June in which Issaquah would donate its portion of the pipeline. Cascade would need to purchase Port Blakely's portion of the pipeline. If Issaquah withdraws from Cascade membership in the future, the pipeline will remain a Cascade asset. However, if Cascade were to dissolve, the pipeline would be returned to Issaquah. Bellevue's pipeline will be donated as a regional asset under essentially the same terms as the Issaquah pipeline acquisition.

Lake Tapps represents Cascade's long-term water supply strategy. Negotiations are underway to purchase Lake Tapps' municipal water rights and facilities. Cascade is interested in developing partnerships to manage the water quality at Lake Tapps.

Mr. Miyake said wholesale water costs for Bellevue are expected to increase 8 percent annually from 2006 to 2010 and 6 percent annually in the long term (2011-2025). Next steps with Council include discussion and action of the proposed Bellevue pipeline transfer, an update on the status of the Tacoma agreement and Lake Tapps negotiations, and discussion of a revised interlocal agreement with Redmond, Kirkland, and Issaquah.

➡ At 9:55 p.m., Deputy Mayor Noble moved to extend the meeting to 10:30 p.m., and Mayor Marshall seconded the motion.

➡ The motion to extend the meeting carried by a vote of 7-0.

Responding to Deputy Mayor Noble, Ms. Bennett said discussions with Seattle toward a wheeling arrangement have not reached agreement on cost and a number of conditions proposed by Seattle.

Responding to Mr. Noble, Mr. Miyake said Cascade is confident that Lake Tapps' water will meet or exceed federal water quality standards.

Mayor Marshall thanked staff for the report.

Ms. Carlson recalled a presentation to Council on October 4 regarding staff's proposal to restate the Regional Transportation Vision as a Regional Mobility Interest Statement. The draft statement is provided on page 15 of the Regional Issues packet.

Kim Becklund, Transportation Policy Advisor, said the statement captures Council's objectives and planning during the past five years for future transportation projects. As a next step, staff and Council will work to revise the I-405 interest statement to ensure consistency.

Mayor Marshall expressed support for the content of the interest statement but suggested reorganizing the principles by subject/theme. Mr. Degginger concurred.

Mr. Lee commended staff for weaving together multiple transportation elements and goals. He suggested the statement should be consistent with the Regional Economic Strategy discussed earlier in the evening. Ms. Becklund said Transportation staff has been working with Planning and Community Development staff and reviewing PSRC's data to coordinate planning.

Ms. Carlson referred to page 19 of the packet for an update on 2005 state legislative issues. Final Council approval of the 2005 State Legislative Agenda, 2005 Legislative Statement of Policy, and the legislative issues matrix is scheduled for November 22.

Mayor Marshall declared the meeting adjourned at 10:15 p.m.

Myrna L. Basich
City Clerk

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